

# HITECH'S POLICY ON RISK OVERSIGHT AND MANAGEMENT

The role of the HiTech Board includes monitoring the integrity of internal control and reporting systems and monitoring the effectiveness of how strategic, financial, market, operational and compliance risks are being managed.

The Audit and Risk Management Committee provides advice to the Board on the status of business risks to HiTech and relies on the work undertaken by the risk management and assurance function, which assesses the adequacy and operating effectiveness of the controls in place surrounding the management of risk. Primary responsibility for risk oversight and management lies with HiTech management, who periodically review significant business risks. The Audit Committee regularly receives reports from management on significant business risks with an evaluation as to the adequacy and effective operation of controls that are in place surrounding the strategies applied by management to handle these risks.

The main areas of risk management for HiTech are:-

## **Credit Risk**

HiTech 's policy is to provide services to clients on a competitive basis but having regard to available working capital, prevailing interest rates and liquidity. Credit terms are set by management and debtors outstanding are continually monitored.

All bad debt write offs are subject to board approval on the recommendation of management.

The finance department manages the liquidity, cash flow, interest rate, borrowing and other financial terms and conditions, credit risk and derivatives, with the principal objectives being to minimise the volatility of economic and financial outcomes and to establish sound operational controls.

## **Market Risk**

Market risk is defined as the risk of loss of earnings arising from the impact of changes in market risk factors. A market risk factor is any price, rate, volatility, competition or other factors such as will affect the HiTech business.

Management continually monitors market conditions and competitor activity and reports on the current state of the market thought he Audit and Compliance Committee to the board of HiTech with the board making strategic decisions on business direction.

## **Operational Risk**

Operational risk is the risk of direct or indirect loss resulting from inadequate or failed internal processes, people and systems or external events.

HiTech's policy on operational risk management is to ensure that risks are identified, assessed, measured, managed and monitored so as to minimize exposure based on sound principles. This function is carried out by management monitoring such risks and ensuring that when identified that resources are applied to remedy the problem.

## **Compliance**

HiTech is committed to a high level of regulatory compliance and sees this as an important way to achieve market confidence. HiTech also believes that the basis for an effective compliance program is a management emphasis as well as attitude on the part of its staff to ensure full compliance with codes of conduct and all regulatory requirements.

Insurance is used to transfer significant risk exposures arising in the key areas of property, public and professional liability, and directors' and officers' liability.